

# Issue Spotlight



JULY 2009

## Symposium Focuses on Nation's Transportation Financing Crisis

A panel of state and national experts discussed the critical need for elected officials and the public to find common ground on transportation financing during a symposium held June 25 at

the North Jersey Transportation Planning Authority in Newark. The symposium, "Financing Our Transportation System: Options and Actions," examined the nation's near- and long-term infra-

structure needs, funding shortfalls, and potential options for closing the gaps.

NJTPA Chairman Susan M. Zellman, a Sussex County Freeholder, said the symposium was timely, as Congress is now preparing a new authorization of the nation's transportation funding law which expires on Sept. 30.

"Many of the details are still being worked out, but we do know that change is in store," Zellman said. "There will be greater accountability requirements, stronger linkages between transportation investments and expected policy outcomes, and much greater emphasis on energy-efficiency and reducing carbon emissions."

Attended by nearly 100 people, the event was moderated by Martin E. Robins, Senior Fellow at the Rutgers University Voorhees Transportation Center, who called transportation financing "the most serious challenge policymakers face today."

Keynote speaker Richard T. Hammer, the Assistant Commissioner for Capital Program Management at the New Jersey Department of Transportation (NJDOT), described the challenge of maintaining the state's vast network of roads and bridges. Among the critical looming funding needs, he said, is the need to repair or replace major bridges, some

costing hundreds of millions of dollars. Hammer also highlighted the NJDOT's successful efforts to streamline design costs so the agency has more money to spend on construction.

Emil Frankel, Director of Transportation Policy at the Washington, D.C.-based National Transportation Policy Project, said transportation funds must go toward targeted investments that will yield the greatest economic social and environmental benefits. Among the benefits worth pursuing, he said, was lessening the nation's dependence on petroleum, which he deemed a "national security risk." This would require more investments in transit and greater transportation efficiency, he said.



NJTPA Chairman Susan M. Zellman addresses attendees at the symposium.

## NJDOT Strives to Get Most from Each Dollar

Maintaining the state's aging network of roads and bridges is an extraordinary job, but by re-inventing its business model, the New Jersey Department of Transportation (NJDOT) is doing the work faster and more cost-effectively than ever, according to Richard Hammer, the agency's Assistant Commissioner for Capital Program Management.

Delivering the symposium's keynote address, Hammer detailed the NJDOT's \$1.1 billion annual capital program, a spending plan that is responsible for ensuring safe and effi-

cient travel on New Jersey's thousands of bridges and heavily trafficked highway system. Since funding is never enough to handle all of the state's needs, the NJDOT must strive to make the most of every dollar, he said.

The agency has successfully streamlined its design processes in recent years to a point where about 90 cents on every dollar is spent on construction versus 10 cents for design work, he said. The American Recovery and Reinvestment Act (also



Martin E. Robins, Senior Fellow, Rutgers University Voorhees Transportation Center

Funding systems must be reformed to ensure spending is driven strictly by national goals rather than politics, according to panelist Steven Van Beek, the President and CEO of the

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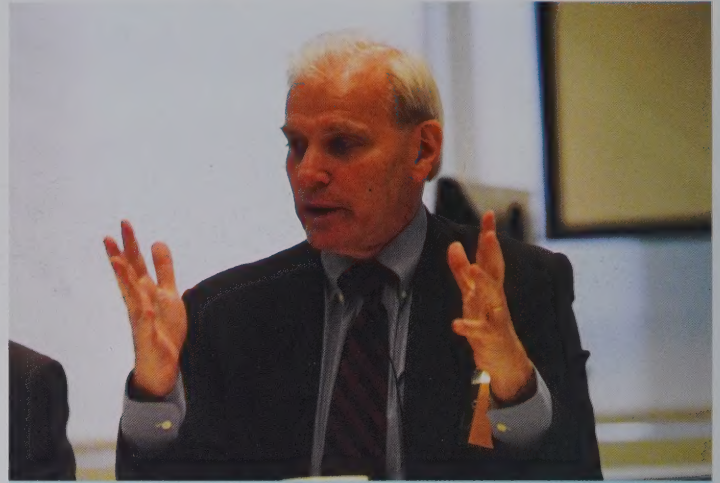
## Expert Says Performance, Accountability Should Drive Transportation Policies

Emil Frankel, Director of Transportation Policy at the National Transportation Policy Project's Bipartisan Policy Center, spoke about the need for "huge philosophical changes" with respect to the nation's transportation policies during the NJTPA's annual symposium June 25.

Pointing to the "critical" importance of fostering institutional change, Frankel emphasized, "It's not just an issue of throwing money at projects or programs . . . it's a question of wise investment, targeted investment, and pri-

oritized investment across metropolitan regions or even states."

Frankel highlighted the Washington, D.C.-based Bipartisan Policy Center's recent report, *A New Vision of Transportation Policy*, which called for accountability from federal transportation funding programs as Congress works toward reauthorization of SAFETEA-LU, the nation's primary transportation funding law. Frankel referenced the need for prudent transportation spending, especially in light of the current



Emil Frankel, Director, National Transportation Policy Project

economic climate.

"I think if the money is to be spent well, we need to be sure that we make a [new] beginning in terms of institutional

reform and the introduction of performance and outcomes and accountability," said Frankel. "If the money just gets poured into the existing framework [and] pro-

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known as the federal stimulus) gave the NJDOT a chance to show off its efficiency, Hammer said. The government required that 50 percent of its \$469 million stimulus funding be obligated within 120 days; the agency obligated 100 percent before that deadline.



Richard Hammer, NJDOT Assistant Commissioner

"We really are making a dent—a serious dent," Hammer said of the stimulus' impact on New Jersey's transportation infrastructure.

But not even a cash influx as large as the stimulus is enough to get New Jersey caught up with its needs. Over the last five years, the state has classified an average of more than 300 bridges as "structurally deficient"—not unsafe, but not up to modern standards—and as one bridge comes off the list, another goes on it, he said. The Pulaski Skyway alone is costing about \$50 million per year to modernize, and will likely require hundreds of millions more over the next 20 years, he said.

Preserving highways is also more work than meets the eye. While the average driver judges a road's health by the smoothness of its pavement, he said, the truth lies

beneath. Many of the state's highways were built with a concrete base and paved over with asphalt over the years.

"You've got 70-, 80-year-old pavements in some instances that are crumbling underneath. When they go, you've got a huge problem," Hammer said.

Repairing the concrete can run \$3 million to \$5 million per mile, and up to \$10 million per mile for multi-lane Interstates, he said.

Hammer said New Jersey's transportation professionals should be proud that people go about their daily business without giving a thought to the roads and bridges they travel.

"Everyone is ready to make the best use of dollars possible, we know where the needs are, and it's time for us to really get serious about addressing them so we don't—don't—leave the next generation of citizens with a real mess," Hammer said. ●

### NJTPA Issue Spotlight

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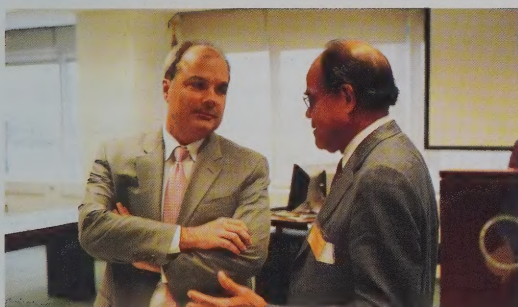




## Financing Our Transportation System: Options and Actions

June 25, 2009

Audio and slides from the symposium are available at [www.njtpa.org](http://www.njtpa.org)



Clockwise, starting at Top:

Chairman Zellman with Symposium participants (l-to-r) Steven Van Beek, President and CEO, Eno Transportation Foundation; Philip Beachem, President, New Jersey Alliance for Action; Ferrol Robinson, Research Fellow, Hubert Humphrey Institute of Public Affairs, University of Minnesota; Martin E. Robins, Senior Fellow, Rutgers University Voorhees Transportation Center; Richard T. Hammer, Assistant Commissioner, NJDOT; and Emil Frankel, Director of Transportation Policy, National Transportation Policy Project.

The audience observes the panel.

NJTPA Executive Director Mary K. Murphy, Chairman Zellman and Van Beek.

Robins leads the panel in discussion.

Beachem addresses the audience.

Van Beek and Robinson.



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## Policy Expert Says Time Ripe for Reform, Healthy Debate

The nation is in the midst of a “very fluid, dynamic time period in transportation” that demands new approaches that will steer the country away from its traditional focus on the automobile and dependence on oil, according to Stephen Van Beek, President and CEO of the Washington, D.C.-based Eno Transportation Foundation.

Historically, Van Beek said, transportation policy has been driven by politics rather than national imperatives, such as cutting greenhouse gas emissions, developing a balanced multimodal transit system and national security. Van Beek said leaders need to resist what he called “faith-based transportation policies”—decisions based on what people want, without evidence they’ll produce results—and instead craft policies grounded in analysis of costs, benefits and alternatives.

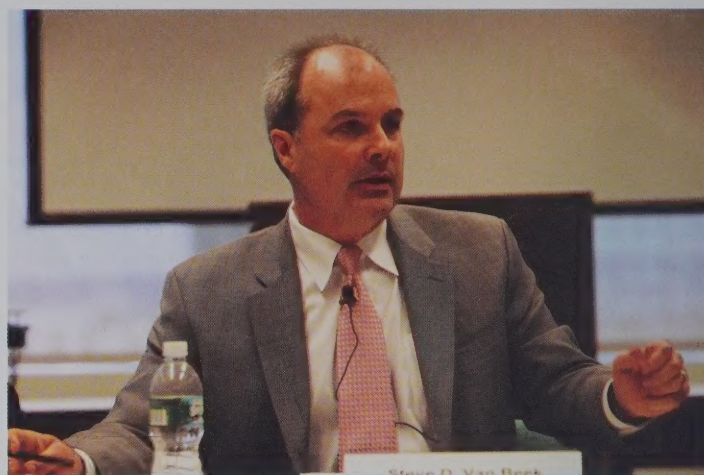
Van Beek spoke of a worsening crisis in the way transportation projects are

financed, with federal money to the states having run out and the private sector “belly-up.” However, he said the current economic situation seems to have had at least one positive effect for transportation—projects are being scrutinized more closely for their benefits.

“Now we are in a situation where projects are chasing money,” Van Beek said.

In regards to the American Recovery and Reinvestment Act, or federal stimulus, Van Beek said there is some concern that old institutions are being used to channel the new money. Many would prefer to see institutional reform first, and then the money spent.

“Given that the economy was where it was, we really didn’t have the chance to do that,” Van Beek said. “One of the big questions in Washington is, have we shot the moon with the money that we’re going to get, and now we’re



Steven Van Beek, President and CEO, Eno Transportation Foundation

going to have reform with nothing behind it?”

Ideally, he said, the methods we use to raise transportation funding should also be used to influence travel behaviors that help accomplish our environmental, land use and energy goals. One example he mentioned is congestion pricing, a system that makes it more expensive to drive during rush hours, thereby reducing traffic, encouraging mass transit use and producing more funding for transportation. However, Van Beek questioned whether “we have the political will to price

things at full cost within the transportation system.”

In this dynamic atmosphere, Van Beek said, there’s an opportunity for state and local initiatives to influence national policy, and the time is ripe for meaningful discussions on transportation financing.

“Don’t believe the conventional wisdom, and don’t believe the debate is going to stay between those 40-yard lines,” Van Beek said. “The debate is going to [widen], and that’s actually a very positive thing.” ●

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Eno Transportation Foundation, Washington, D.C. Van Beek said this is the most fluid time the transportation sector has experienced in decades, an environment where important issues that were ignored in the past are now being vigorously debated.

But if far-reaching reforms are to be enacted, they will need a strong public outreach and education effort behind them,

said panelist Ferrol Robinson, of the Hubert Humphrey Institute of Public Affairs at the University of Minnesota. He said that was the key to the success of a number of alternative funding measures, such as congestion pricing and HOT lanes, that were adopted in cities around the world. One innovative approach, he said, was a congestion pricing plan implemented for a seven-month trial period in Stockholm before the public voted on it in a referendum.

The final speaker, New Jersey Alliance for Action President Philip Beachem, said the bipartisan effort in 1984 that spearheaded the creation of the New Jersey Transportation Trust Fund can serve as a model for addressing today’s state transportation financing crisis. Beachem said few in the public today truly understand the depth of the problem. But he said solving the state financing shortfall “was doable” if officials recaptured the bipartisan spirit of the past

and built upon the recent success in financing of the new Hudson River rail tunnel.

Audio and video recordings of the presentations are available on the NJTPA’s homepage, [www.njtpa.org](http://www.njtpa.org). ●



## Public Outreach Deemed Key to Funding Measures' Success

By developing comprehensive outreach and education campaigns, controversial projects to raise funding for transportation and reduce motor vehicle use can be given the best chance to succeed, according to Ferrol Robinson, a researcher and policy expert from the University of Minnesota's Hubert Humphrey Institute of Public Affairs.

Robinson discussed international case studies and his own experiences in the difficult work of building public support for projects like congestion pricing, which impose higher tolls for using roads in peak travel times.

Any change that affects as many wallets as an increase in driving costs requires a comprehensive effort to explain to the public, as well as political leaders, what its benefits are, Robinson said. Minnesota needed 10 years and four attempts before it generated enough support for a plan to set up high occupancy toll

(HOT) lanes in the Twin Cities area, he said.

"It takes time to do public outreach and education," Robinson said. "If you think you can do it in three months, or six months, it's not going to happen."

Robinson said the way to begin is to find out what's important to the people who will be affected. In Minnesota, the problem they were trying to remedy was congestion. It was discovered through focus groups that the public valued mass transit, and it would have to be protected under any congestion pricing project. With the problem clearly identified, and the public's opinions known, a strategy could be developed to implement a successful program.

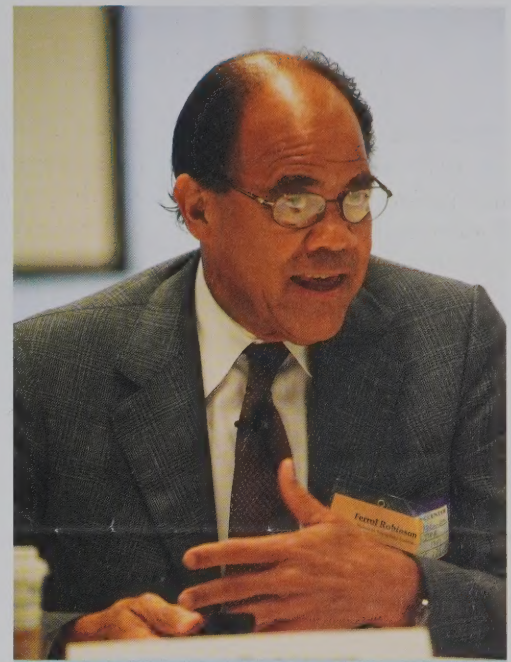
The next step is to clearly and honestly articulate the objective of the project, and how it will solve a community issue.

If political support for a project doesn't already exist,

Robinson said, public outreach can help build it. A project in Stockholm, Sweden, was overwhelmingly popular with one political party, but not the mayor's. However, the mayor saw the opportunity to buy into a popular project that could help her constituents and brought her party on board, eventually becoming an advocate of the idea.

Robinson explained that a political champion, such as a London mayor who ran on the issue of congestion pricing, can mean the difference between implementation and going back to the drawing board.

Sometimes, Robinson said, "If you don't do it, it's not going to happen." In Stockholm, 55 percent of the public initially believed a congestion pricing plan was a very bad idea. The



Ferrol Robinson, University of Minnesota

project was implemented for seven months, and then the public was asked to take part in a referendum. Fifty-three percent voted in favor of keeping the pricing scheme in place. ●

### Frankel continued from page 2

grammatic structure, we cannot be sure that the money at all levels will be as targeted as it should be and that the money will be as wisely spent."

Frankel further emphasized that newly established national transportation goals could help "enable" American economic growth and competitiveness, and even

help advance safety, energy, and climate change policies. Noting that transportation "is the only sector of the American economy that is totally dependent on petroleum, Frankel added, "That is unacceptable . . . not only environmentally, but also in terms of the economy and national security."

In addition to supporting the "need to move as quickly as we can away from dependence on a motor fuels tax to a

user-based system" and using transportation funding to help "drive that change," Frankel suggested that the federal government should permit states to employ a "mix of modes, jurisdictions, and agencies to achieve national goals with accountability."

Frankel also said too much of what happens on Capitol Hill today is about partisan fighting rather than getting deals done and as a result, the public is not being well served.

"Bridges to nowhere don't build public trust, and that's what we really need to do," he said.

However, "institutional reform and programmatic change in the transportation sector is . . . only going to happen when a broader group is engaged," Frankel said, noting the importance of involving various levels of government and business. ●



## Advocate Says Bi-Partisan Effort Key for Funding Reforms

Philip Beachem, President of the New Jersey Alliance for Action, presented a sober assessment of the financial bind the state is in regarding transportation funding, and what it will take to get out of it.

"We need leadership, a champion—and we need institutional reform," said Beachem, a recognized statewide advocate for infrastructure investment.

The New Jersey Transportation Trust Fund collects money from the state-imposed gasoline tax, which has not been increased since 1988. Transportation demands, however, continued to grow, and the fund accumulated debt to the point where it is currently insufficient to meet the state's needs.

"Every decision made regarding the fund has been to not increase revenues for transportation needs, but rather fi-

nance all projects by bonding," Beachem said. "We are bonded to the hilt."

Beachem said New Jersey is witnessing a return to the days before the trust fund, when transportation funding was unpredictable, when contracting and engineering firms suffered from a lack of work, and labor unions experienced high unemployment in their locals. Transportation funding in those years was provided through transportation bond referendums every five years—some that were passed by voters, and some that were not.

"New Jersey was turning away federal highway monies because the state had no mechanism to fund transportation projects, and planning for them was difficult," Beachem said.

During the previous transportation funding crisis, it took cooperation from both

political parties, with leadership from Governors Brendan Byrne and Thomas Keane, to address the problem by establishing the Transportation Trust Fund. The fund allowed New Jersey to better plan its transportation investments and maximize the amount of financial support it received from the federal government.

Beachem said a similar bipartisan effort is needed to address the current problem. He recognizes, however, that the political climate has become more difficult.

"We have to go back to what Brendan Byrne and Tom Keane were doing and try and figure out what can be done to sustain transportation for another 10 to 20 years," he said.

"The public has become very cynical regarding state government. . . . The public needs to be engaged on this issue

and needs to be educated."

However, solving the problem was "very doable." He noted that many said the Hudson River rail tunnel would never be built, but broad cooperation and support in the state helped advance the project. Similar cooperation, he said, could address broader transportation financing needs. ●

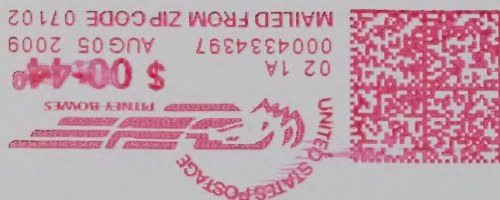


Philip Beachem, New Jersey Alliance for Action

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